

BILATERAL TEXTILE AGREEMENT

04-599

Agreement term

1. The term of this agreement will be the period from October 1, 1996 through December 31, 2000. The first agreement period will run from October 1, 1996 through December 31, 1997. The subsequent agreement periods shall be twelve month periods from January 1 of a given year to December 31 of the same year.

Coverage of agreement and classification by fiber

2. The textiles and textile products covered by this agreement are those described in Annex A. The system of categories and the rates of conversion into square meters equivalent (SME) listed in Annex a shall apply in implementing this agreement.

3. (A) Tops, yarns, piece goods, made-up articles, garments, and other textile manufactured products (being products which derive their chief characteristics from their textile components) of cotton, wool, man-made fibers, silk blends, non-cotton vegetable fibers, or blends thereof, in which any or all of these fibers in combination represent the chief weight of the product, are subject to this agreement. Components of an article which are not considered relevant to the classification under the general rules of interpretation or the legal notes to section XI of the harmonized system are likewise to be disregarded here.

(B) For the purposes of this agreement, textile products covered by subparagraph (a) above shall be classified as:

(i) man-made-fiber textiles, if the product is in chief weight of man-made fibers, unless:

(a) the product is knitted or crocheted apparel in which wool equals or exceeds 23 percent by weight of all fibers, in which case the product will be a wool textile; or

(b) the product is apparel, not knitted or crocheted, in which wool equals or exceeds 36 percent by weight of all fibers; in which case the product will be a wool textile;

(c) the product is a woven fabric in which wool equals or exceeds 36 percent by weight of all fibers, in which case the product will be a wool textile.

(ii) Cotton textiles, if not covered by (i) and if the product is in chief weight of cotton, unless the product is a woven fabric in which wool equals or exceeds 36 percent by weight of all fibers, in which case the product will be a wool textile.

(iii) Wool textiles, if neither of the foregoing applies, and the product is in chief weight of wool.

(iv) Silk blend or non-cotton vegetable fiber textiles, if none of the foregoing applies and the product is in chief weight of silk or non-cotton vegetable fiber, unless:

(a) cotton with wool and/or man-made fibers in the aggregate equals or exceeds 50 percent by weight of the component fibers thereof and the cotton component equals or exceeds the weight of each of the total wool and/or man-made fiber components, in which case the product will be a cotton textile, or

(b) if not covered by (iv) (a) and wool exceeds 17 percent by weight of all component fibers, in which case the product will be considered a wool textile, or

(c) if not covered by (iv) (a) or (b) and man-made fibers in combination with cotton and/or wool in the aggregate equal or exceed 50 percent by weight of the component fibers thereof and the man-made fiber component exceeds the weight of the total wool and/or total cotton component, in which case the product will be considered a Man-made fiber textile.

(C) Notwithstanding the above, garments which contain 70 percent or more by weight silk (unless they also contain over 17 percent by weight wool), and products other than garments which contain 85 percent or more by weight silk, are not subject to this agreement. Silk blend and non cotton vegetable fiber sweaters, as determined above, shall be divided into "silk blend" sweaters and "non-cotton vegetable fibers" sweaters. For the purposes of this provision sweaters shall be classified as "silk blend" if the silk component exceeds by weight the non-cotton vegetable fiber component (if any). Sweaters not classified as "silk blends" sweaters in accordance with the foregoing shall be classified as "non cotton vegetable fiber" sweaters. Garments containing 70 percent or more by weight silk and over 17 percent by weight wool shall be classified as wool textiles, under subparagraph (b)(iv)(b).

(D) In the event of a question regarding whether a product is covered by this agreement by virtue of being in chief weight of cotton, wool, man-made fiber, silk blend, or non-cotton vegetable fiber, the chief value of the fibers may be considered.

4. Commencing with the first agreement period and during each subsequent term of this agreement, the exporting country shall limit exports to the importing country of cotton, wool, man-made fiber, silk-blend and non-cotton vegetable fiber textiles and textile products of the exporting country to the specific limits set out in Annex b, as it may be amended under paragraph 6, and as such specific limits may be adjusted in accordance with paragraph 5.

Flexibility Adjustments

5. (A)(i) The specific limits set out in Annex b do not include any adjustments permitted under this paragraph.

(A)(ii) During any agreement period, the specific limits set out in Annex b may be increased by not more than 6 percent swing.

(A)(iii) No specific limit may be decreased pursuant to paragraph 5(a)(ii) to a level which is below the level of exports charged against that category's limit for that agreement year.

(A)(iv) The exporting country shall indicate to the importing country the specific limits or sub-limits it would like increased and those which it would like decreased by commensurate quantities in square meters equivalent.

Carryover and Carryforward

(B)(i) The extent to which any specific limit set out in Annex B may upon request be exceeded in any agreement period by carryforward (borrowing a portion of the corresponding specific limit from the succeeding agreement period) and/or carryover (the use of any unused meterage (shortfall) of the corresponding specific limit for the previous agreement period) is eleven percent, of which carryforward shall not constitute more than six percent.

(B)(ii) No carryover shall be available for application in the first agreement period. No carryforward shall be available for application in the final agreement period.

(C) For the purposes of the agreement, a shortfall occurs when exports of textiles or textile products of the exporting country to the importing country during any agreement period are below any specific limit as set out in Annex b (or, in the case of any limit decreased pursuant to paragraph 5, when such exports are below the limit as decreased).

(D) The government of the exporting country may make a request to the government of the importing country when it wishes to use unused meterage (shortfall) available in categories for carryover, or for use by other categories for swing, subject to the provisions set out above. However, the government of the importing country may supply adjustments under this section to any specific limit whenever these adjustments appear appropriate to facilitate the flow of trade and the sound administration of the agreement. To the extent that such adjustments are actually utilized, they will be implemented by means of carryover and carryforward, in that order. Any unused carryforward will be re-credited to the following period's limit. This procedure will not prejudice the outcome of any consultations that may be held between the governments concerning the amounts of available carryover and carryforward.

Overshipment charges

6. (a) Products of the exporting country shipped in excess of authorized limits in any agreement period may be denied entry into the importing country. Any such shipment denied entry may be permitted into the importing country and charged to the applicable limit in the succeeding agreement period.

(b) Products of the exporting country shipped in excess of applicable limits in any agreement period will, if allowed entry into the importing country during that agreement period, be charged to the applicable limit in the succeeding agreement period.

(c) Any action taken pursuant to sub-paragraph (a) and (b) above, will not prejudice the rights of the other side regarding consultations.

Spacing provisions

7. The government of the exporting country shall use its best efforts to space exports of its products to the importing country within each category, sub-category or part category evenly throughout each agreement period, taking into consideration normal seasonal factors.

Importing country assistance in implementation of the limitation provisions

8. The government of the exporting country shall administer its export control system under the agreement. The government of the importing country may assist the exporting country in implementing the limitation provisions of this agreement by controlling, by the date of export, imports of textiles and textile products covered by this agreement.

Correct category/quantity visa system

9. (a) The provisions of the visa arrangement will govern the licensing and/or certification of exports from the exporting country. Visas issued in a particular agreement year shall be valid only for textile and apparel products exported during that agreement year.

(b) The parties recognize that under the agreement the purchase of textiles and textile products to be delivered subject to the restrictions under the agreement implies that the delivery of goods will be accompanied by a valid visa.

Commercial samples and personal shipments

10. Properly marked commercial samples, valued at U.S. Dollars 250 or less, and items for the personal use of the importer and not for resale regardless of value, need not be accompanied by an export visa and shall not be subject to the limits established under this agreement.

Exchange of information

11. Subject to domestic laws, at the request of the other government, each government agrees to supply any information within its possession reasonably believed to be necessary for the enforcement of this agreement.

Exchange of data

12. (a) The government of the importing country shall promptly supply the government of the exporting country with data on monthly imports of cotton, wool, man-made fiber, silk blend and non cotton vegetable fiber textiles and textile products of the exporting country into the importing country.

(b) The government of the exporting country shall promptly supply the government of the importing country with data on monthly exports of cotton, man-made fiber, wool, silk blend and non cotton vegetable fiber textiles and textile products of the exporting country to the importing country.

Cooperation in the prevention of circumvention and fraud

13. (a) The government of the importing country and the government of the exporting country agree to take measures necessary to address, to investigate and, where appropriate, to take legal and/or administrative action to prevent circumvention of this agreement by transshipment, rerouting, false declaration concerning country of origin falsification of official documents or any other means.

(b) Both parties agree to cooperate fully, consistent with their domestic laws and procedures, in instances of circumvention or alleged circumvention of the agreement to address problems arising from circumvention and to establish the relevant facts in the places of import, export and, where applicable, transshipment. Such cooperation, to the extent consistent with domestic laws and procedures, will include investigation of circumvention practices; exchange of documents, correspondence, reports and other relevant information to the extent available; and facilitation of impromptu plant visits and contacts by representatives of either party, upon request and on a case-by-case basis.

(c) If either party believes that this agreement is being circumvented, it may request consultations to address the matter or matters concerned with a view to seeking a mutually satisfactory solution. Each party agrees to hold such consultations promptly, beginning within 30 days of a request by a party and concluding within 90 days, unless extended by mutual agreement, and to cooperate fully in terms of the elements set out in paragraph b above.

(d) Should the parties be unable to reach a satisfactory solution in the course of the consultations called for under paragraph c, then the governments of the exporting country and the importing country agree that in cases where evidence regarding circumvention has been provided, the importing country may deduct from the quantitative limits for that agreement period amounts at least equivalent to the amount of transshipped products of the exporting country origin. The amounts transshipped shall be the amounts, and the country of origin shall be the country of origin, so determined by the customs authorities of the importing country.

(e) The governments of the exporting country and the importing country agree that deductions from the quantitative limits established under this agreement may also be made in those instances in which: i) the importing country possesses information showing a substantial likelihood that circumvention has occurred; ii) the importing country has requested from the government of the exporting country cooperation or information relevant to the possible circumvention that is of a type that is available to or could reasonably be obtained by the government of the exporting country, and iii) the government of the exporting country has not

provided such information or cooperation within the period for consultation outlined in paragraph c.

(f) Should the importing country choose to exercise its rights under paragraph d to deduct an amount or amounts from the quantitative limits of the exporting country where repeated instances of circumvention have been demonstrated within the current or immediately preceding agreement year, then the importing country may deduct from the quantitative limit amounts up to three times the amounts transshipped, provided that such deductions are distributed equally in each of the three following years.

(g) Where there is evidence showing that goods originating in another country have been shipped through the exporting country to the importing country as though they were products of the exporting country, the governments of the exporting country and the importing country agree to take appropriate action. Such action may include the introduction of restraints in the relevant category or categories or deducting the amount of goods so shipped from the quantitative limits established for the current agreement year under this agreement for shipments originating in the exporting country. Any such actions, together with their timing and scope, may be taken after consultation held with a view of arriving at a mutually satisfactory solution. Such consultations should be held promptly, beginning within 30 days of a request by a party and concluding within 90 days of the request, unless extended by mutual agreement. Should the parties be unable to reach a satisfactory solution, then the governments of the exporting country and the importing country agree that in cases where evidence regarding circumvention has been provided, the importing country may introduce a restraint or, where a restraint already exists, may deduct from the quantitative limits established under this agreement for that period an amount equivalent to the amount of product transshipped through the exporting country.

(h) Parties agree that false declaration concerning fiber content, quantities, description or classifications of merchandise frustrates the objective of this agreement. Where there is evidence that any such false declaration has been made for purposes of circumvention, both parties agree to take appropriate measures, consistent with their domestic laws and procedures, against exporters or importers involved. Should either party believe that this agreement is being circumvented by such false declaration and that no, or inadequate, administrative measures are being applied to address and/or to take action against such circumvention, that party should consult promptly with the party involved with a view to seeking a mutually satisfactory solution. Such consultations should be held promptly, beginning within 30 days of a request by a party and concluding within 60 days, unless extended by mutual agreement. Should the parties be unable to reach a satisfactory solution, then the governments of the exporting country and the importing country agree that in cases where evidence regarding such false declarations has been provided, then the importing country may deduct from the quantitative limits established for the current agreement year an amount equivalent to the amount of product subject to the false declaration or classification. This provision is not intended to prevent parties from making technical adjustments when inadvertent errors in declarations have been made.

Mutually satisfactory administrative arrangements

14. Mutually satisfactory administrative arrangements or adjustments may be made to resolve minor problems arising in the implementation of this agreement, including differences in points of procedure or operation.

Consultations on implementation questions

15. Both governments agree to consult upon the request of the other on any question arising in the implementation of this agreement. Each agrees to consult promptly with the other about such proposals.

Right to propose revisions to the agreement

16. Either government may at any time propose revisions to the terms of this agreement.

Right to terminate the agreement

17. Either government may terminate this agreement, effective at the end of an agreement period, by written notice to the other government, to be given at least 90 days prior to the end of such agreement period.

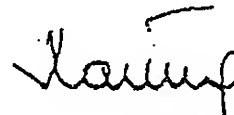
Continuation of provisions under the agreement establishing the world trade organization

18. If the exporting country becomes a member of the world trade organization (WTO) and the importing country applies the agreement establishing the WTO (WTO agreement) to the exporting country, the provisions set out in paragraphs 2, 3, 4, 5, 6, 7, 8, 9, 10, 11, 12, 13, 14, and 15 of this agreement, Annex a, Annex b, and the visa arrangement will be directly relevant to the implementation of the WTO agreement on textiles and clothing (ATC) as between the exporting country and importing country. Therefore, upon the exporting country's membership in the WTO and application of the WTO agreement by the importing country to the exporting country, these provisions will remain in force and will be notified to the textile monitoring body. This paragraph will be included in the working party report on the exporting country's accession to the WTO agreement.

Done in Skopje on *Nov 7,* 1997, on behalf of their respective governments:



Christopher R. Hill
Ambassador



Blagoj Handziski
Minister of Foreign Affairs

For the
Importing Country

For the
Exporting Country

Annex a

Textile and apparel category system of the importing country under the harmonized system

Categories numbered in the:

200 series are of cotton and/or man-made fiber
300 series are of cotton
400 series are of wool
600 series are of man-made fiber
800 series are of silk blends or non-cotton vegetable fibers

Yarn:	unit	conversion factor to square meter
200 yarns put up for retail sale, and sewing thread	kg.	6.60
201 specialty yarns	kg.	6.50
300 carded cotton yarn	kg.	8.50
301 combed cotton yarn	kg.	8.50
400 wool yarn	kg.	3.70
600 textured filament yarn	kg.	6.50
603 yarn containing 85% or more by weight artificial staple fiber	kg.	6.30
604 yarn containing 85% or more by weight synthetic staple fiber	kg.	7.60
606 non-textured filament yarn	kg.	20.10
607 other staple fiber yarn	kg.	6.50
800 silk blends or non-cotton vegetable fiber yarn	kg.	8.50

Fabric:	unit	conversion factor to square meter
meter		
218 of yarns of different color	m2	1.00
219 duck	m2	1.00
220 fabric of special weave	m2	1.00
222 knit fabric	kg.	12.30
223 non-woven fabric	kg.	14.00
224 pile & tufted fabric	m2	1.00
225 blue denim	m2	1.00
226 cheesecloth, batiste, lawn, voile	m2	1.00
227 oxford cloth	m2	1.00
229 special purpose fabric	kg.	13.60
313 sheeting	m2	1.00
314 poplin & broadcloth	m2	1.00
315 printcloth	m2	1.00
317 twills	m2	1.00

326	sateens	m2	1.00
410	woven fabric	m2	1.00
414	other wool fabric	kg.	2.80
611	woven fabric containing 85% or more by weight artificial staple	m2	1.00
613	sheeting	m2	1.00
614	poplin & broadcloth	m2	1.00
615	printcloth	m2	1.00
617	twills & sateens	m2	1.00
618	woven artificial filament fabric	m2	1.00
619	polyester filament fabric	m2	1.00
620	other synthetic filament fabric	m2	1.00
621	impression fabric	kg.	14.40
622	glass fiber fabric	m2	1.00
624	mmf fabric, woven, containing more than 15% but less than 36% wool	m2	1.00
625	poplin & broadcloth of staple/filament fiber combinations	m2	1.00
626	printcloth of staple filament fiber combination	m2	1.00
627	sheeting of staple/filament fiber combinations	m2	1.00
628	twills & sateens of staple/filament fiber combinations	m2	1.00
629	other fabrics of staple/filament fiber combinations	m2	1.00
810	woven fabric, silk blend & non-cotton vegetable fiber	m2	1.00

Apparel: unit conversion factor to square meter

237	playsuits, sunsuits, etc.	doz.	19.20
239	babies' garments and clothing accessories	kg.	6.30
330	handkerchiefs	doz.	1.40
331	gloves and mittens	dpr	2.90
332	hosiery	dpr	3.80
333	m&b suit-type coats	doz.	30.30
334	other m&b coats	doz.	34.50
335	w&g coats	doz.	34.50
336	dresses	doz.	37.90
338	m&b knit shirts	doz.	6.00
339	w&g knit shirts & blouses	doz.	6.00
340	m&b shirts, not knit	doz.	20.10
341	w&g shirts & blouses, not knit	doz.	12.10
342	skirts	doz.	14.90
345	sweaters	doz.	30.80
347	m&b trousers, breeches & shorts	doz.	14.90
348	w&g trousers, breeches & shorts	doz.	14.90
349	brassieres & other body supporting garments	doz.	4.00
350	robes, dressing gowns, etc.	doz.	42.60

	unit	conversion factor to square meter
351 nightwear and pajamas	doz.	43.50
352 underwear	doz.	9.20
353 m&b down-filled coats	doz.	34.50
354 w&g down-filled coats	doz.	34.50
359 other cotton apparel	kg.	8.50
431 gloves and mittens	dpr.	1.80
432 hosiery	dpr.	2.30
433 m&b suit-type coats	doz.	30.10
434 other m&b coats	doz.	45.10
435 w&g coats	doz.	45.10
436 dresses	doz.	41.10
438 knit shirts & blouses	doz.	12.50
439 babies' garments and clothing accessories	doz.	6.30
440 shirts & blouses, not knit	doz.	20.10
442 skirts	no.	15.00
443 m&b suits	no.	3.76
444 w&g suits	no.	3.76
445 m&b sweaters	doz.	12.40
446 w&g sweaters	doz.	12.40
447 m&b trousers, breeches & shorts	doz.	15.00
448 w&g trousers, breeches & shorts	doz.	15.00
459 other wool apparel	kg.	3.70
630 handkerchiefs	doz.	1.40
631 gloves and mittens	dpr	2.90
632 hosiery	dpr	3.80
633 m&b suit-type coats	doz.	30.30
634 other m&b coats	doz.	34.50
635 w&g coats	doz.	34.50
636 dresses	doz.	37.90
638 m&b knit shirts	doz.	15.00
639 w&g knit shirts & blouses	doz.	12.50
640 m&b shirts, non knit	doz.	20.10
641 w&g shirts & blouses, not knit	doz.	12.10
642 skirts	doz.	14.90
643 m&b suits	no.	3.76
644 w&g suits	no.	3.76
645 m&b sweaters	doz.	30.80
646 w&g sweaters	doz.	30.80
647 m&b trousers, breeches & shorts	doz.	14.90
648 w&g trousers, breeches & shorts	doz.	14.90
649 brassieres & other body supporting garments	doz.	4.00
650 robes, dressing gowns, etc.	doz.	42.60
651 nightwear and pajamas	doz.	43.50
652 underwear	doz.	13.40
653 m&b down-filled coats	doz.	34.50
654 w&g down-filled coats	doz.	34.50
659 other man-made fiber apparel	kg.	14.40
831 gloves and mittens	dpr	2.90
832 hosiery	dpr	3.80
833 m&b suit-type coats	doz.	30.30

	unit	conversion factor to square meter
834 other m&b coats	doz.	34.50
835 w&g coats	doz.	34.50
836 dresses	doz.	37.90
838 knit shirts & blouses	doz.	11.70
839 babies' garments and clothing accessories	doz.	6.30
840 shirts & blouses, not knit	doz.	16.70
842 skirts	doz.	14.90
843 m&b suits	no.	3.76
844 w&g suits	no.	3.76
845 sweaters of non-cotton vegetable fibers	doz.	30.80
846 sweaters, of silk blends	doz.	30.80
847 trousers, breeches & shorts	doz.	14.90
850 robes, dressing gowns, etc.	doz.	42.60
851 nightwear and pajamas	doz.	43.50
852 underwear	doz.	11.30
858 neckwear	kg	6.60
859 other apparel	kg	12.50

Made-up and miscellaneous textiles:

360 pillowcases	no.	.90
361 sheets	no.	5.20
362 bedspreads and quilts	no.	5.80
363 terry and other pile towels	no.	0.40
369 other cotton manufactures	kg.	8.50
464 blankets	kg.	2.40
465 floor coverings	m2	1.00
469 other wool manufactures	kg.	3.70
665 floor coverings	m2	1.00
666 other man-made fiber furnishings	kg.	14.40
669 other man-made fiber manufactures	kg.	14.40
670 flat goods, handbags, and luggage	kg.	3.70
863 towels	no.	0.40
870 luggage	kg	3.70
871 flatgoods and handbags	kg.	3.70
899 other silk & vegetable fiber manufactures	kg	11.10

Annex b

Category	October 1, 1996 - December 31, 1997
434	12,500 dozens
433	25,000 dozens
435	33,469 dozens
443	206,250 numbers
448	75,000 dozens

Category	January 1, 1998 - December 31, 1998
434	10,200 dozens
433	20,400 dozens
435	27,311 dozens
443	168,300 numbers
448	61,200 dozens

Category	January 1, 1999 - December 31, 1999
434	10,404 dozens
433	20,808 dozens
435	27,857 dozens
443	171,666 numbers
448	62,424 dozens

Category	January 1, 2000 - December 31, 2000
434	10,612 dozens
433	21,224 dozens
435	28,414 dozens
443	175,099 numbers
448	63,672 dozens